



## Connecticut Early Childhood Alliance

Senator Osten, Representative Walker, and members of the committee, my name is Merrill Gay I'm the executive director of the Connecticut Early Childhood Alliance. Thank you for this opportunity to testify on the Governor's proposed budget for the Office of Early Childhood. While the Governor has proposed some very modest increases in particular line items within the OCE budget, overall he is proposing to spend less out of the general fund than you appropriated last year. All of his proposed line item increases are necessary but they are in no way sufficient.

### **Care4Kids**

The proposed increase for Care4Kids is to raise the value of the certificate a parent gets so that it is more likely they can find a childcare space that they can afford. Currently Care4Kids pays at the 29th percentile of the market for center based preschool.<sup>1</sup> Another way of saying that is that 7 out of every 10 available preschool spots are more expensive than the value of the certificate. So while a Care4Kids certificate holder might find a space, the only way they can get it is to pay the difference between the certificate value and the tuition. This is on top of the parent share based on a percentage of their income.

In poorer communities where really no one can afford the market rate for child care, the Care4Kids rate is the maximum providers can get. OEC's recent Narrow Cost Analysis for Family Child Care found that the typical home based provider was working 68 hours a week so when dividing her income by the hours she works she is getting about \$8.50 an hour.<sup>2</sup> So clearly the value of the Care4Kids certificates (the amount paid to providers) must go up.

While Early Childhood Alliance supports the proposed increase in the Care4Kids rates, the institution of a waitlist and the management of the case load down to 17,000 actually means that about 2,600 fewer children will be served. At a time when working families are struggling with inflation in housing, energy and grocery bills this is going in the wrong direction. If the state was facing a deficit, early childhood advocates would be here telling you that reducing the Care4Kids caseload is the wrong place to reduce costs, but when the state has a \$3.5 billion surplus this is unconscionable.

In December CBIA reported that there were 97,000 job openings in CT with 79,600 looking for work which meant that there were 17,400 more jobs than job seekers. One of the primary factors keeping women out of the workforce is lack of affordable child care. We need to be finding ways to help more families with the cost of child care not less.

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<https://www.ctoec.org/wp-content/uploads/2022/06/Connecticuts-Market-Rate-Survey-and-Methodology-Report-06-24-2022.pdf>

<sup>2</sup> <https://www.ctoec.org/wp-content/uploads/2022/06/FCC-NCA-Final-report.pdf>

## **Early Care and Education**

The other part of this budget falls woefully short is the Early Care and Educational line item. This is the line from which the School Readiness grants and the Child Development contracts are paid. Last year the infant toddler rate for the Child Development Centers was increased to \$13,500 (which is still well below the cost of care). What has not been changed since 2015 is the full day, full year preschool rate. It remains at \$8,934. What has changed since 2015, is the minimum wage. It was \$9.15 an hour in 2015. It will be \$15 an hour on June 30th. That is a 64% increase in the minimum wage since these programs got an increase in payments from the state. This is important because early care and education is a labor intensive enterprise with staff accounting for roughly 80% of a program's costs. In the low wage economy the amount above the minimum wage that an employer can pay their middle skill staff is crucial to being able to retain and attract new staff. Our state funded early care and education programs are required to maintain accreditation and have a "Qualified Staff Member" in each classroom. Over the next 6 years the requirements to be a "QSM" escalate to the goal of Batchelors level teacher in each classroom by 2029. Rather than get the funding they need to make progress towards this legislatively mandated goal, programs have instead experienced substantial wage compression. While the minimum wage law has lifted the wages of unskilled entry level staff, the lack of any additional revenue means that the Associates and Batchelors level staff who might have been making \$4 to \$6 an hour above minimum wage are now earning just a dollar or two over minimum wage. This is demoralizing and it is leading to programs experiencing staff turnover of up to 75%. Particularly in the larger cities many early educators left for better paying jobs as paraprofessionals in the public schools.

A stable, skilled and adequately compensated early childhood workforce is the critical piece to help children arrive ready for kindergarten. In 2019, the General Assembly instructed OEC to develop a compensation scale. That compensation scale delivered to the Education Committee last year is based on the idea of parity with similarly credentialed staff in the public schools. This past summer, UConn used the compensation scale to calculate a per child cost. Using the entry level scale, the cost of a pre preschool slot was \$14,487. Using a mid career scale to account for years of experience, the rate went to \$16,138.

Right now roughly 20% of the school readiness slots are empty. The primary reason being a lack of staff. This year OEC will lapse tens of millions of dollars from the early care and education line item that you appropriated to get our poorest children ready for kindergarten. OEC will lapse those funds because it is not paying providers enough that they can offer competitive wages to attract and retain the staff needed to operate classrooms. This must change. The Governor's proposal to raise the payment level for the full day full year pre-k slot by \$1,500 to \$10,500 falls \$4,000 short of what UConn's Narrow Cost analysis estimates the cost to be using the entry level compensation scale. Unless programs receive additional funding to raise wages and meet other escalating costs, programs will not be able to hire the staff needed to rebuild enrollment so that they can reach breakeven. Some of the largest non profit child care programs in the state are operating in the red and can not continue to do that for much longer.

A recent survey by the CT Association for Human Services found that 31% of private tuition based child care programs in the state are operating in the red. This situation is worse for the state funded programs that do not have the option of charging parents more than the percentage of their income on OEC's sliding scale. 40% of the state funded programs are in the red. The governor's proposal to raise the full day full year rate for state funded preschool by \$1,500 in the second year of the budget falls far short of what programs need.

Over the course of your hearings you will hear many pleas for additional funds. It is easy to say there just isn't enough money. In a year when the state has a \$3 billion surplus, a full rainy day fund and the governor is proposing to cut half a billion in taxes, that just doesn't pass the smell test. This General Assembly back in 1997 had the foresight to create the school readiness pre-k program to augment the existing Child Development Centers for the purpose of getting children in our lowest performing school districts ready for kindergarten. For the past seven years we have starved these early care and education programs of the resources they need to do their job. If we can't fix this problem this year when there is money, when will we ever do right by our youngest learners.